

AN OVERVIEW OF THE RENEWAL PROCESS

**Certified Public Accountants, Public Accountants,
Accountancy Partnerships, and
Accountancy Corporations**



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The California Board of Accountancy (CBA) is providing this information in an effort to increase licensees' understanding of the license renewal requirements for Certified Public Accountants (CPA), Public Accountants (PA), Accountancy Corporations (COR), and Accountancy Partnerships (PAR). This document also provides an overview of the CBA process for evaluating compliance with continuing education (CE) requirements.

License Renewal Requirements

CPA/PA

A CPA/PA license expires every other year at midnight on the last day of a licensee's birth month, and the year of expiration is based upon the licensee's birth year. A licensee born in an even year has a license that expires each even year, while a licensee born in an odd year has a license that expires each odd year.

To maintain a valid license, a CPA/PA must complete the license renewal application and have it postmarked, along with the renewal fee, by midnight on the expiration date. The license renewal application along with all necessary renewal information and instructions is mailed to the licensee's address of record approximately 90 days prior to the license expiration date. The renewal fee is the same for a licensee renewing his/her license as active or inactive – \$120. Payment of the renewal fee must be in the form of a money order, cashier's check, or personal check drawn on a U.S. bank. Credit card payments are not accepted at this time. Once the Department of Consumer Affairs (DCA) completes the transition over to the new BreEZe system in late 2013; however, licensees will be able to complete the license renewal application and submit the renewal payment via an on-line process.

A licensee selecting to renew active must document (through self certification under penalty of perjury) completion of 80 hours of qualifying CE in the appropriate subject matter.¹ The *Continuing Education Reporting Worksheet* is provided on the reverse side of the license renewal application for the licensee's convenience. A licensee may also submit, along with the license renewal application, his/her own CE spreadsheet provided it includes all pertinent information requested on the CE reporting worksheet. A licensee renewing a license in an inactive status is not required to complete CE.

A qualifying CE course or program must be a formal program of learning which contributes directly to the professional competence of a licensee in public practice. This allows a licensee to select from a wide range of providers, which could include private institutions; national, state, and local accounting organizations; universities and colleges; and professional development courses offered by a licensee's accounting firm.

¹ The 80-hour requirement is for all licensees with the exception of a new licensee and a licensee that underwent a status conversion during the two-year period immediately preceding license expiration. These groups are required to document 20 hours of qualifying CE in the appropriate subject matter for each full six-month period of active licensure. Therefore, the total number of hours could range from 0 – 80.

As part of the 80-hour requirement, a licensee renewing active must complete CE in specified subject areas. As described below, the CBA currently maintains six subject area requirements: (1) 50/50, (2) Ethics Education, (3) Governmental Auditing, (4) Accounting and Auditing, (5) Fraud, and (6) Regulatory Review. All licensees are required to meet the 50/50 requirement; however, the remaining subject area requirements are based on either work performed during the two-year period immediately preceding license expiration, or by order of law. If a licensee is required to complete Governmental Auditing, Accounting and Auditing, Fraud, or Regulatory Review, the hours completed are part of the 80-hour requirement and not in addition to the requirement.

1. 50/50 Requirement

The underlying purpose of the 50/50 requirement is to maintain or enhance the technical skills and knowledge of a licensee. Therefore, a licensee renewing in an active status must complete a minimum of 40 hours of CE (50 percent) in technical subject areas. Technical subjects include accounting, auditing, fraud, taxation, consulting, financial planning, ethics as defined in Section 87(b) of the CBA Regulations, Regulatory Review as defined in Section 87.8 of the CBA Regulations, computer and information technology (except word processing), and specialized industry or government practices that focus primarily upon the maintenance and/or enhancement of the public accounting skills and knowledge needed to competently practice public accounting.

Conversely, a licensee may claim no more than 40 hours of CE (50 percent) in non-technical subject areas. The following are considered non-technical subject areas: communication skills, word processing, sales, marketing, motivational techniques, negotiation skills, and office, practice, and personnel management.

2. Ethics Education

A licensee must complete four hours of ethics education as part of the required 80 hours of CE. The course must pertain to the following:

- A review of nationally recognized codes of conduct emphasizing how the codes relate to professional responsibilities;
- Case-based instruction focusing on real-life situational learning;
- Ethical dilemmas facing the accounting profession; or
- Business ethics, ethical sensitivity, and consumer expectations

The four hours of ethics education may be taken as a single course or as a combination of courses totaling four hours. The course must also be a minimum of at least one 50-minute class hour in length. Any ethics education taken in a self-study format must require a 90 percent passing score in order to qualify as acceptable CE.

3. Governmental Auditing

A licensee who engages in planning, directing, conducting substantial portions of field work, or reporting on financial or compliance audits of a governmental agency² during the two-year period immediately preceding license expiration must complete 24 hours of CE in governmental accounting, auditing, or related subjects. To fulfill the Governmental Auditing CE requirement, a licensee must complete CE in the following related subjects: those which maintain or enhance the licensee's knowledge of governmental operations, laws, regulations and reports; any special requirements of governmental agencies; subjects related to the specific or unique environment in which the audited entity operates; and other auditing subjects which may be appropriate to government auditing engagements.

4. Accounting and Auditing (A&A)

Similar to the Governmental Auditing requirement, a licensee that engages in the planning, directing, approving or performing of substantial portions of the work, or reporting on an audit, review, compilation, or attestation service of a non-governmental agency during the two-year period immediately preceding license expiration must complete 24 hours of A&A CE. To fulfill the A&A CE requirement, course subject matter must pertain to financial statement preparation and/or reporting (whether such statements are prepared on the basis of generally accepted accounting principles or other comprehensive bases of accounting), auditing, reviews, compilations, industry accounting, attestation services, or assurance services. It should be noted that a licensee who fulfills the Governmental Auditing CE requirement is deemed to have met the A&A CE requirement.

5. Fraud

A licensee subject to the Governmental Auditing or A&A CE requirement must, in addition to the 24-hour requirement, complete eight hours of Fraud CE specifically related to the detection and/or reporting of fraud in financial statements.

6. Regulatory Review

Each six-year period (three renewals), a licensee is required to complete a Regulatory Review course. This course provides information on the provisions of the current Accountancy Act and CBA Regulations. All courses are a minimum of two hours. This is the only area of CE that a licensee must choose from a [CBA pre-approved course list](#). The course can be taken prior to its due date and will be updated accordingly by staff to establish a new six-year due date.

² A governmental agency is defined as any department, office, commission, authority, board, government-owned corporation, or other independent establishment of any branch of federal, state, or local government.

Effective January 1, 2012, as part of the total 80 hours of CE required to renew a license in an active status, a minimum of 20 hours of CE, including a minimum of 12 hours in technical subject matter, must be completed in each year of the two-year license renewal period.

License Renewal/Continuing Competency Unit (RCC) staff perform 100% worksheet review of all license renewal applications to verify the application is complete and the licensee has completed all the required CE.

CE Exemption/Extension Requests

Recognizing that extenuating circumstances might exist that impact the ability of a licensee to complete the requisite CE requirements, the CBA offers a licensee the option to request an exemption from, or an extension of time to complete, the CE requirements. These requests must be accompanied by substantiating documentation. Extension requests are generally granted for one to six months beginning from the date of license expiration.

CE exemption/extension requests must fall under one of the following categories: (1) health reasons, (2) military service, or (3) other good causes such as death of a family member or natural disasters. For a licensee requesting an exemption/extension for health reasons, the request must be certified by a medical practitioner documenting the circumstances that prevented compliance. For a licensee submitting a request due to military service, the CBA generally receives paperwork from the Armed Forces noting the date on which he/she was called to active duty. And finally, for a licensee submitting a request on the basis of other good cause, the substantiating documents range from a death certificate (for death of a family member) to evacuation notices (for natural disasters).

In addition to the aforementioned request types, CBA Regulations also allow for an extension of time for a licensee to complete the Governmental Auditing, A&A, and Fraud CE subject matter requirements. This extension is for six months, with certain criteria needing to be met. First, a licensee must have become subject to the requirement during the last six months of the two-year licensure period, and second, a licensee must have completed the full 80-hour requirement. A licensee may request this type of extension on the license renewal application.

Accountancy Corporations and Accountancy Partnerships

The license renewal cycle for CORs and PARs is the same as CPAs/PAs – every two years. The expiration date is based on the month and year the CBA originally approved the COR or PAR application. If approved in an even year, the license will expire each even year on the last day of the month in which it was originally approved. If approved in an odd year, the license will expire each odd year on the last day of the month in which it was originally approved.

To renew a COR license, the corporation must have at least one shareholder holding an active California CPA/PA license in good standing and submit the following to the CBA along with the license renewal application and \$120 renewal fee:

- A list of all shareholders. The list must include all licensed and non-licensed shareholders and include any shareholders associated or disassociated since the last renewal, along with the date of association or disassociation.

To renew a PAR license, the partnership must have at least two partners, one of whom must have an active California license. If the partnership is comprised of only two partners, one of the partners may be a non-licensee owner providing the licensed partner has an active California license in good standing. The partnership must submit the following to the CBA along with the license renewal application and \$120 renewal fee:

- A list of all partners. The list must include all licensed and non-licensed partners and include any partners associated or disassociated since the last renewal, along with the date of association or disassociation.